

Urgent care centers fulfill an important healthcare need in communities across America, including for patients who have a primary care provider. Primary care physicians are not always available, including during the traditional work week, but especially after hours, weekends, and holidays. Urgent care centers can effectively and efficiently serve patients in need of immediate care for conditions that would otherwise be treated by primary care physicians. Lacking the alternative to an urgent care center, patients will seek care for non-emergent conditions in the more costly hospital emergency department.

Encumbering urgent care centers with regulations, such as Certificate of Need (CON), inhibits access and drives up, rather than lowers, the cost of care. Decreased access will increase demand on overcrowded emergency departments.

The use of CON programs dates back to 1974 when the federal government offered states incentives to enact state laws implementing CON programs as a way to contain hospital spending. Many states implemented CON programs because of the incentives, but Congress repealed the federal law in 1987. Today, however, 36 states maintain some level of CON requirements.<sup>1</sup>

While lowering healthcare costs was the principal and intended goal of CON regulation in the 1970s, the realization has been that CON regulations result in anticompetitive behavior and more costly care.

According to the UCAOA 2013 Benchmarking Study, average charges per visit and reimbursement per visit were \$178.95 and \$117.45, respectively. Comparatively, the Agency for Healthcare Research and Quality's Medical Expenditure Panel Survey (MEPS) indicated the average cost of an emergency room visit was \$1390, with a median of \$713 (2012 data).<sup>2</sup>

It is estimated that shifting non-emergency cases from the emergency department to alternative sites, such as urgent care centers, could yield savings of \$4.4 billion annually to the healthcare system.<sup>3</sup> Yet, CON for urgent care centers presents a barrier to reaching these savings. CON laws are described as a mechanism by which state governments seek to reduce overall health and medical costs. Yet, there is no evidence to support that CON laws achieve these stated aims. In fact, requiring CON for urgent care centers inhibits market entry and forces consumers to more expensive, and often less-desirable, sites of service for their care. The result is increased patient and third-party payer costs.

In 2004, the Department of Justice and Federal Trade Commission issued a report on competition in the healthcare marketplace that recommended that states with CON programs

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<sup>1</sup> National Conference of State Legislatures. Information accessed online Dec. 16, 2014.

<http://www.ncsl.org/research/health/con-certificate-of-need-state-laws.aspx>

<sup>2</sup> Agency for Healthcare Research and Quality 2012 Medical Expenditure Panel Survey, Table 6.

[http://meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables\\_results.jsp?component=1&subcomponent=0&year=-1&tableSeries=1&searchText=&searchMethod=1&Action=Search](http://meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=1&subcomponent=0&year=-1&tableSeries=1&searchText=&searchMethod=1&Action=Search)

<sup>3</sup> Many Emergency Department Visits Could be Managed at Urgent Care Centers and Retail Clinics. Weinick, R., Burns, R., and Mehrotra, A. Health Aff September 2010 vol. 29 no. 9 1630-1636.

*“reconsider whether these programs best serve their citizens’ healthcare needs.”<sup>4</sup> The agencies concluded in their report that CON programs are generally not successful in containing healthcare costs and can pose anticompetitive risks. The report further states CON programs “...pose serious anticompetitive risks that usually outweigh their purported economic benefits. Market incumbents can too easily use CON procedures to forestall competitors from entering an incumbent’s market... Indeed, there is considerable evidence that CON programs can actually increase prices by fostering anticompetitive barriers to entry.”*

### **Urgent Care Centers: The Case Against Certificate of Need**

UCAOA opposes CON requirements for urgent care centers. Urgent care centers are a safe and convenient lower-cost healthcare alternative that should be promoted rather than inhibited.

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<sup>4</sup> Improving Health Care: A Dose of Competition. A Report by the Federal Trade Commission and Department of Justice. July 2004 [http://www.justice.gov/atr/public/health\\_care/204694.pdf](http://www.justice.gov/atr/public/health_care/204694.pdf)

#### Notice and Disclaimer

The Urgent Care Association of America (UCAOA) was founded in 2004 to advance and to distinguish the role of urgent care medicine as a healthcare destination and to support the ongoing success of UCAOA membership through education, advocacy, community awareness, benchmarking and promoting standards of excellence.

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